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Governor
Dirk Kempthorne

Commission members
Jerry Reid
Bill Whittom
J. Morgan Evans
Gary Grindstaff
Tom Johnston

Administrator
Jerry Nicolescu

APPROVED MINUTES
Idaho Soil Conservation Commission
2270 Old Penitentiary Road
Boise, Idaho

The Idaho Soil Conservation Commission (ISCC) held its regular, bi-monthly meeting on Monday, May 17, 2004 in Lower Conference Rooms 1 and 2 at the Idaho State Department of Agriculture (ISDA) office in Boise, Idaho.

Members: Jerry Reid, Chairman
Bill Whittom, Vice-Chairman
J. Morgan Evans, Secretary
Gary Grindstaff, Member
Tom Johnston, Member

Advisors: Kyle Hawley, Idaho Association Soil Conservation Districts (IASCD)
Rich Sims, Natural Resources Conservation Service (NRCS)

Advisors not present: Paul McCawley, University of Idaho (U of I)

Others: Jerry Nicolescu, ISCC
Brenda Thomasson, ISCC
Jennifer Ambrose, ISCC
Biff Burleigh, ISCC
Kathie Shea, ISCC
Shonna Taylor, ISCC
Sharon Kinzer, Idaho District Employees Association

(IDEA)

Kent Foster, IASCD
Gary McRae, Environmental Protection Agency

(EPA)

Harry Guenther, U of I (retired)
Pat Takasugi, Idaho State Department of

Agriculture (ISDA)

Kathy Sodhi, ISDA

Welcome/Announcements

Chairman Reid called the meeting to order at 8:34 A.M. and welcomed everyone to the meeting. Shonna Taylor, acting Loan Officer was introduced and welcomed to the Commission.

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Minutes

Secretary Evans was asked to review the minutes, including minutes from the March 15, 2004 Commission meeting, the March 26th teleconference, and the April 14th teleconference. It was indicated that everyone had read the minutes and there were no corrections to be made. Whittom moved to approve all three sets of minutes as submitted. Johnston seconded and the motion carried.

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Financial Reports

General Fund Expenses

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Thomasson reported on FY 2004 General Fund expenses. She distributed a summary report of expenditures with data current as of April 30, 2004. Johnston asked about the possibility of replenishing funds disbursed towards aquifer mitigation projects. Nicolescu assured members that the Commission is working with the Governor's office to address that particular issue. Thomasson reported that Ray Houston, Legislative Services Office Director, had requested a summary of loans and grants awarded as part of the aquifer mitigation project and the funds disbursed. Commission members
Jerry Reid
Bill Whittom
J. Morgan Evans
Gary Grindstaff
Tom Johnston
With no further discussion, Whittom moved to approve the financial report. Johnston seconded and the motion carried.

Resource Conservation and Rangeland Development Program (RCRDP) Policy Review

Ambrose distributed copies of the revised RCRDP policy as well as a copy of the original policy (as corrected for grammar and spelling) for comparison purposes. She reviewed the basic changes to the policy, including definitions and a new easy-to-use outline format. As Ambrose reviewed the policy with Commission members, several changes to language (changing 'shall' to 'may' in many instances) were discussed. Evans moved to amend the policy as written and Johnston seconded. After a brief discussion, Evans withdrew his motion and Johnston withdrew his second. It was decided to approve all amendments to the policy after having reviewed it in its entirety rather than line by line. The RCRDP policy was reviewed at length and once complete, Evans moved the proposed revised policy be amended as noted throughout the review. Johnston seconded and the motion carried. The "final" draft of the policy will be presented at the July 2004 Commission meeting for formal approval. Commission members expressed a desire to review the RCRDP policy, guidelines, etc., on an annual basis and have requested that a comprehensive set of guidelines/procedures be developed for the RCRDP program.

Financial Reports, continued

RCRDP Fiscal Report

Taylor distributed copies of the RCRDP financial report. There were a few questions as to the interpretation of certain figures contained in the report, but as Nielsen had not been available to discuss the report and explain it to Taylor, no further information was available. After very little discussion, Grindstaff moved to approve the report. Evans seconded and the motion passed.

RCRDP Loan Application(s) Review

Bryan and Barbara Ravenscroft

Taylor presented the Ravenscroft loan application. She explained the proposed project is part of the aquifer mitigation development in the Magic Valley. Installation would include pumps, ponds, and pipeline which will allow the utilization of surface water in lieu of groundwater. Details of the Ravenscroft loan application as follows:

- Loan Amount: \$65,880
- Loan Term: 10 years
- Loan Rate: 4%
- 2nd Real Estate Mortgage on 56 acres
- Value of Real Estate to be established by an acceptable evaluation source
- Secured equipment will be insured for the life of the loan
- ISCC to secure 1st lien on equipment to be purchased
- ISCC to be assigned water rights appurtenant to the offered Real Estate

Evans had concerns as to the number of acres the applicant rents or owns – it is apparently land the applicant's father owns. There is also some discussion of the applicant's debt. Johnston moved to table discussion of the Ravenscroft application. Grindstaff notes that as the applicant's father owns the land and holds the assets; perhaps the applicant's father should be taking the loan. Taylor responded that the applicant's father was not comfortable signing on to the loan as he is 84 and not certain he could follow through on a fifteen-year loan. Evans seconded the motion to table the application. Johnston expressed concerns that the project was not of an agricultural nature; however, Burleigh indicated that the project was part of the Magic Valley aquifer mitigation effort. Johnston noted that since the project is part of the Commission's aquifer mitigation project, some latitude was warranted. Motion carried. Additional information requested for review:

- Long-term rental agreement or contract with Vernon Ravenscroft, the applicant's father
- Itemized list of assets
- Explanation of debt
- Clarification of land ownership, acreage

Delbert and Katie Tree

The next loan application to be reviewed was for Delbert and Katie Tree. Their proposal included the installation of a sprinkler system with mainline and side-roll lateral. Details of the Tree loan application are as below:

- Loan Amount: \$12,000
- Loan Term: 4 years
- Loan Rate: 3%
- 1st Real Estate Mortgage on 80 acres
- Value of Real Estate to be established by an acceptable evaluation source
- Secured equipment will be insured for the life of the loan
- ISCC to secure 1st lien on equipment to be purchased
- ISCC to be assigned the water stock appurtenant to the offered Real Estate

After some discussion of income, Evans moved to approve the loan on the terms requested. Johnston seconded. The motion carried.

Larry Orme

Taylor presented the last loan application, Larry Orme, for review. The Orme project consists of a new pump, pumping station, spillway, concrete walls, and a check Details of the Orme loan application below:

- Loan Amount: \$40,000
- Loan Term: 4 years
- Loan Rate: 3%
- 1st Real Estate Mortgage on 70 acres
- Value of Real Estate to be established by an acceptable evaluation source
- Secured equipment will be insured for the life of the loan
- ISCC to secure 1st lien on equipment to be purchased
- ISCC to be assigned the water stock appurtenant to the offered Real Estate

Johnston inquired as to how the value of the land was established. Taylor indicated the value was supplied by the applicant. Johnston also noted that he would like to see current balances with the application in addition to the other payment information. After having expressed his concerns, Johnston moved to approve the loan. Whitton seconded and the motion carried without further discussion.

Bill Newman

Taylor addressed a few other loan maintenance items, including a modification agreement for Bill Newman. She explained that Newman was requesting additional funds in the amount of \$4,140 to install wheel lines on 11.8 acres. Newman's current loan balance is \$95,860 and this new amount would bring his loan balance to \$100,000. Based on the new credit and financial information presented, Taylor recommended approval for the Newman request. Johnston moved to approve. Whitton seconded and the motion carried.

Tobias Flick

The next modification addressed was for Tobias Flick. Additional funding in the amount of \$36,750 has been requested to complete installation of irrigation equipment on 75

acres. Flick applied and was approved on 1/15/03 for an additional \$59,000 (bringing his balance to \$100,000) but had subsequently withdrawn the application. The additional funds will bring Flick's total loan balance to \$74,650.16. Based on the new credit and financial information presented, Taylor recommended approval for the Flick request. Johnston expressed an interest in the priority placed on this project by the District. Evans moved to table the application. Johnston seconded. He would like some input from the District regarding the nature of the project and their priority recommendation on this increase. Motion carried.

James Trent

The next maintenance item to be addressed was for the Trent loan. Apparently, Trent had a verbal agreement with the former loan officer for an interest only payment in lieu of his regular October 2002 payment. Trent also arranged to have the due date changed to May 1st of each year. Trent made his payment as arranged; however, it had not been credited nor documented properly. To bring the account current, Trent is proposing to pay \$7,000.00 by 07/01/2004. He would still like to move future payment due dates to May 1st. An alternative would be to modify the Trent loan with a modification agreement which would extending the term to 15 years, keep the interest at the current rate of 4% and lower the payments. The Trents are in agreement to do the best for both parties. Johnston moved to collect on the offered amount. Grindstaff seconded. Motion carried.

Alan Klosterman

Taylor reported next on the Klosterman loan request, apparently initiated in December of 2003. Klosterman contacted former ISCC Loan Officer David Coburn on 12/8/03 regarding an interest-only payment. In Klosterman's second request, he indicated he had not received a response from the Commission, although there is a letter in his file. As of May 17, 2004, interest (without penalties) in the amount of \$851.61 is due. Whittom moved that we approve the interest only payment. Johnston seconded. After some discussion of the terms of agreement, the motion carried.

Michael Tingey

The next request is for a loan to Roger Mickelson. Mickelson is selling his property to a Mr. Tingey, who intends to continue the same farming practices as Mickelson has. Upon review of the Tingey application, it is noted Tingey has a debt ratio of 97.58%. The applicant was contacted and this figure is accurate. Taylor recommended denial of the application based on the high debt ratio and an insufficient income to service the debt.

Grindstaff moved to deny the request. Whittom seconded and the motion carried.

Eric and Colleen Anthony

On April 19, 2004, an additional \$15,000 was approved (by four board members via fax) for the Anthony's Horse Canyon Consulting project. This amount raised their existing loan balance from \$60,000 to \$75,000. A formal motion is requested. Evans moved to approve, Whittom seconded and the motion carried.

Steven Legaard

Taylor's last maintenance item was in regard to the medical situation of Steven Legaard. Legaard contacted Taylor on 4/15/04 after receiving a letter in regards to his past due account. Apparently, Legaard was diagnosed with a rare lymphoma (09/2002) and is not expected to recover. Given current medical expenses and the limited income available, the Legaards are unable to make payments on their loan. Taylor requested the Commission determine the best course of action for this account. There was some discussion about liquidation of farm assets, which may yield sufficient funds to pay all accounts in full. Johnston noted the Commission's course of action is to initiate foreclosure in the absence of any viable alternatives. No formal motion was made regarding this case.

Legal Issues: NezPerce SWCD

It was indicated some discussion regarding potential litigation was necessary. Given the nature of the discussion, Evans moved to enter into executive session pursuant to Idaho Code Section 67-2345. Johnston seconded. Roll call of members present: Chairman Reid – aye; Bill Whittom – aye; Morgan Evans – aye; Gary Grindstaff – aye; Tom Johnston – aye. Motion carried. Other individuals present included Jerry Nicolescu, Kent Foster and Rich Sims. The Commission entered into executive session at 11:38 AM.

As the Districts' annual budget hearing was scheduled to convene at 2:00 P.M., the Commission left executive session at 2:14 P.M. with the intention of returning to executive session once remaining business had been discussed. No formal action was taken during this executive session.

Budget Hearing

At 2:20 P.M., Shea announced the budget hearing. Having been delayed by an extended executive session, Whittom moved to hold the budget hearing pursuant to Idaho Code 22-2727, which states: "a public hearing shall be held by the Idaho Soil Conservation Commission on or before June 15 of each year. Written notice of such hearing shall be given to each Idaho Soil Conservation District and to all other persons requesting notice of such hearing". Johnston seconded and the motion carried. Shea distributed the FY 2006 SCD budget summary and reviewed its contents, answering questions from the Commissioners regarding fluctuations in different Districts. Grindstaff requested that a letter of response be sent to Twin Falls. Whittom moved to approve the FY 2006 SCD budgets as presented. Evans seconded and the motion carried. The budget hearing closed at 2:32 P.M.

Agency Reports

NRCS Report

As Rich Sims began to deliver the NRCS update, ISDA Director Takasugi re-entered the meeting with Kathy Sodhi. Sims deferred to Takasugi for the ISDA report as Takasugi had a schedule conflict.

ISDA Report

Takasugi gave a status report for the ISDA. He touched upon several topics as noted below:

- Election year strategies: Districts encouraged to talk to perspective legislators about water quality and air quality issues
- Budgetary issues continue to be problematic; as such, ISDA is restructuring, looking for maximum efficiencies
- Odor/Dairy issues are persistent problems
- Drought is fast becoming the biggest concern for the eastern part of the state
- Mormon crickets prevail in Owyhee county
- Water quality issues on the forefront statewide
- Markets look good, however, should droughts persist, there are USDA programs (Farm Bill) with money available for assistance
- No state-funded drought/disaster recovery/aid programs will be administered
- Pilot projects currently underway in Northern Idaho regarding the economic viability of thermal management. A lawsuit is pending which will determine whether or not grass growers may be sued for field burning.

Evans asked what information, if any, ISDA is putting forth regarding the aquifer mitigation issue in eastern Idaho. Takasugi noted any such questions should be directed to the director of the Idaho Department of Water Resources.

Hawley asked if ISDA has facilitated public forums of any sort regarding thermal management. Takasugi indicated they have been strongly encouraged to do so, but they have not as yet done so.

Evans inquired as to a formal animal ID program. Takasugi noted ISDA has the opportunity to participate in a multi-state pilot program, wholly funded by grant monies, for the creation of an animal ID program.

Takasugi introduced Kathy Sodhi, ISDA's new public information officer. Sodhi noted she is pleased to be working with ISDA and has had occasion to work with the Commission already. Whitton commented more timely information would be of greater use to consumers.

NRCS Report, continued

Sims distributed the NRCS status report, which had previously been disseminated via email to all Commission members. He also shared a new NRCS publication, *Executive Update*, produced by Jody Fagan.

Sims' first item of business was a renewal of the existing cooperative CTA agreement, which funds personnel in the field. He indicated there would be a change in the agreement; however, as only Farm Bill programs would be acceptable. The proposed agreement would obligate the Commission and NRCS to a matching contribution of \$100,000 each and would be used to hire on 17 full-time, temporary staff members in the field. Grindstaff asked if the Commission had funding available to participate in this agreement again this year. Nicolescu replied that the Commission had budgeted in anticipation of this agreement. It was noted this agreement is funded by soft money and may not continue in the future. Johnston moved the Commission give Nicolescu the authority to partner with Sims in this renewed CTA agreement. Evans seconded. Motion carried.

Sims reported on a new Air Quality Task Force, chaired by NRCS Chief Knight. On July 20, 21, 22, they will be convening in Coeur d'Alene for the national meeting. A tour will be given on the 20th and the formal hearing will be on the 21st and 22nd. Takasugi has been asked to facilitate the official welcome to the national task force.

In April, the EPA presented the Idaho OnePlan team with the Administrator's Award for Excellence. John Yanni, EPA, noted that OnePlan has fundamentally changed farm and ranch environmental conservation planning in Idaho, with potentially the same promising prospects for other states nationwide.

Grindstaff moved to provide additional appropriation for OnePlan funding. Johnston seconded and the motion carried.

Shea told everyone how much she appreciated the assistance of NRCS' IT personnel as she installed QuickBooks in the district offices over the last couple of months.

RCRDP Grant Application(s) Review

Biff Burleigh presented a response from NRCS regarding the Commission's previous request (made during the grant applications review of the March 2004 meeting) for information on the use of "big guns" as a BMP.

Jim Brown

Whittom moved to approve the Jim Brown grant application upon review of the additional information from the NRCS District Conservationist. Grindstaff seconded and the motion carried.

Kevin Anderson

As the Anderson grant had been reviewed in the last meeting and the proper clarifications had been obtained regarding big guns, Grindstaff moved to approve the Kevin Anderson grant without discussion. Johnston seconded and the motion carried.

Carol Kenny

After a brief review of the Kenny application Grindstaff moved to approve the grant as requested. Evans seconded and the motion carried without discussion.

Magic Valley Aquifer Mitigation Project

To date, Burleigh reported, the Commission has expended \$135,000 towards ground water conversion projects related to aquifer mitigation in southeastern Idaho. Project implementation accomplished to date is enabling the use of 71 cfs, or 140 acre-feet of water per day from surface water, rather than groundwater sources. Sims noted this is an average cost savings of \$5,000-10,000 annually for each landowner. Additional EQIP monies were sent to two conservation districts (over \$200k) in the Magic Valley area to attend to aquifer mitigation issues. It was reported that the districts in question chose not to utilize the additional funding to address this particular resource concern. Foster indicated he would work with Nicolescu to draft a letter to these districts.

Agency Reports, continued

IDEA Report

Sharon Kinzer indicated there was currently no new business to report for the IDEA update.

IASCD Report

Kent Foster delivered IASCD's report. Primary topics are noted below:

- Envirothon was a success; a team from Challis HS won the competition and will move on to the national competition to be held in West Virginia this July
- Conference planning is underway
 - Tuesday morning will be more or less dedicated to dealing with water issues
 - Ray Ledgerwood is scheduled to speak to roles and responsibilities of District Supervisors Monday morning. The motivational speaker, Randy Frazier, will work with Ledgerwood to address topics of concern
- Standing committees are nearly complete – correspondence will soon be sent to committee chairs advising them of their responsibilities
- District Financial Accountability final draft nearly complete – of 19 people that expressed interest in being involved in the process, only 6 participated in a teleconference review.
- CTA – some locations have decided to hire more than one individual. 16 employees at 14 locations. Moscow, Rexburg hires pending.
- 13% of work accomplished through the CTA is Farm Bill
- A new addition to the IASCD staff, Joe Schwarzbach was recently hired and will continue working out of the Camas District
- There are currently 14 full time field-staff employees, one part time employee, a OnePlan coordinator, an administrative assistant and the executive director
- Conservation Partnership meeting scheduled for June 3rd in Lewiston to address resolution 3-4.

- Suggestions are being accepted for possible facilitators – Ledgerwood is unavailable
- The 22nd annual Forestry Contest, sponsored in part by Bonner SWCD, was held in northern Idaho early this May. Over 160 students participated.

EPA

As McRae was unable to attend the late afternoon portion of the Commission meeting, he relayed his brief report to Ambrose who then presented it to the Commission. Ambrose reported McRae was in the process of drafting an extreme-weather discharge permit for CAFOs. He anticipated completion of a first draft by the first of June, at which time industry associates would be given the opportunity to comment. The draft will also be available for public review and comment before a final draft is completed at the end of January 2005.

Legal Issues: NezPerce SWCD, continued

As the previous discussion was interrupted in order to hold the budget hearing at its scheduled time, it was agreed that further discussion regarding the issues of potential litigation was necessary. Given the nature of the discussion, Johnston moved to enter into executive session pursuant to Idaho Code Section 67-2343. Grindstaff seconded. Roll call of members present: Chairman Reid – aye; Bill Whittom – aye; Morgan Evans – aye; Gary Grindstaff – aye; Tom Johnston – aye. Motion carried. Other individuals present included Jerry Nicolescu, Brenda Thomasson. The Commission entered into executive session at 4:12 PM.

No official motions were made nor other business conducted during the executive session. The Commission returned from executive session at 4:51 P.M.

Upcoming Events

Discussions of upcoming meetings prompted Johnston to move the Commission send Nicolescu to Grand Rapids September 13, 2004. Grindstaff seconded and the motion carried.

NACD will hold the annual Pacific SW Regional meeting in Alaska September 19-22 this year. Nicolescu suggested that someone be nominated to attend the meeting. It was agreed this decision will be made with the IASCD Board of Directors during the joint session of the July meeting.

Other meetings noted: Nicolescu will be attending the Tri-State Administrators' meeting in Portland next week, May 27-28, 2004. Foster, Weaver, Nicolescu and Sims will be attending the Conservation Partnership meeting in Lewiston (facilitated by Division II) June 3, 2004.

Personnel Evaluation

Nicolescu distributed copies of his personal performance evaluation for the Commission Members to review. He asked the Members to review the evaluation and report their opinions, suggestions, or other comments the next time the Commission convenes.

Adjournment

With no further business to discuss, Grindstaff moved to adjourn the meeting. Evans seconded and the motion carried. Chairman Reid adjourned the meeting at 5:08 P.M.

Respectfully submitted by Jennifer Ambrose, Admin Assistant.